

Independent Auditor's Report to the Board of Governance

Opinion

We have audited the financial statements of the Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons (here-in-after referred to as "The Association") which comprise of statement of financial position as at June 30, 2023, income and expenditure statement, statement of changes in funds and statement of cash flows for the year then ended, along with notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, financial position of the Association as at June 30, 2023, and its financial performance, and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethic Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan, and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Board and Those Charged with Governance for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal controls as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Lahore Office

175 C OPF Housing Scheme,
Khayaban-e-jinnah Road, Lahore.
Tel: (+92) 42 35230559

Multan Office

Suit 198-199, First floor, Block A,
Model Town Commerical Area, Multan.
Tel: (+92) 61 6222001-2

info@rasco.com.pk
www.rasco.com.pk

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rahat Aqeel and Co *Rahat Aqeel & Co,*
Chartered Accountants

Engagement Partner: Mr. Aqeel Zahid

Date: 08-May-2024

Place: Multan

UDIN: AR202310601iZad6Ajpe



Re

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
	Rupees.....	
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	4	5,291,836	5,897,926
Long term investments	5	28,300,000	28,300,000
Long term security deposits	6	10,000	10,000
		33,601,836	34,207,926
CURRENT ASSETS			
Short term investments	7	-	4,000,000
Advance income tax	8	923,306	267,903
Cash and bank balances	9	40,515,498	21,836,630
		41,438,804	26,104,533
TOTAL ASSETS		75,040,640	60,312,459
CURRENT LIABILITIES			
Accrued and other liabilities	10	309,716	241,852
NET ASSETS		74,730,924	60,070,607
REPRESENTED BY:			
General fund		17,329,761	16,699,403
Restricted fund		57,401,163	43,371,204
		74,730,924	60,070,607
Contingencies & commitments	11	-	-

The annexed notes from 1 to 17 form and integral part of these financial statements.

Rev

[Signature]
President

[Signature]
Treasurer

[Signature]
Principal

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
STATEMENT OF INCOME AND EXPENDITURE
AS AT JUNE 30, 2023

	Note	2023	2022
.....Rupees.....			
INCOME			
Donations		4,964,366	4,402,146
Contributions		248,400	199,100
		5,212,766	4,601,246
EXPENDITURE			
Staff salaries		2,471,607	2,251,376
Vehicle running expenses		532,316	291,944
Utility charges	12	198,289	159,982
Repair and maintenance expenses		138,620	148,725
Postage, printing and stationery		24,714	16,668
Bank charges		10,095	-
Insurance expenses		126,000	123,278
Legal and professional charges		15,750	-
Fee and subscription		220,000	-
Audit fee		60,000	50,000
Depreciation	4	754,040	872,124
Other expenses		30,977	89,114
		4,582,408	4,003,211
Surplus for the year before taxation		630,358	598,035
Restricted funds for the year	13	14,029,959	9,353,535
		14,660,317	9,951,570
Taxation	14	-	-
Surplus after tax for the year		14,660,317	9,951,570
Transferred to restricted fund	13	(14,029,959)	(9,353,535)
Surplus after tax for the year transferred to association fund account		630,358	598,035

The annexed notes from 1 to 17 form and integral part of these financial statements.

Re

[Signature]

President

Wardah

Treasurer

Munir

Principal

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2023

Description	General fund	Surplus for the year	Sub total	Restricted fund	Total
	-----Rupees-----				
Balance as at July 01, 2021	11,531,348	4,570,020	16,101,368	34,017,669	50,119,037
Surplus for the year	-	598,035	598,035	9,353,535	9,951,570
Balance as at June 30, 2022	11,531,348	5,168,055	16,699,403	43,371,204	60,070,607
Balance as at July 01, 2022	11,531,348	5,168,055	16,699,403	43,371,204	60,070,607
Surplus for the year	-	630,358	630,358	14,029,959	14,660,317
Balance as at June 30, 2023	11,531,348	5,798,413	17,329,761	57,401,163	74,730,924

The annexed notes from 1 to 17 form and integral part of these financial statements.

Revised

[Signature]
President

[Signature]
Treasurer

[Signature]
Principal

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Rupees.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	14,660,317	9,951,570
Adjustments for non-cash income and expenses:		
Depreciation	754,040	872,124
Cash flow before working capital changes	<u>15,414,357</u>	<u>10,823,694</u>
Changes in working capital:		
(Increase) / decrease in current assets		
Advance income tax	(655,403)	(179,582)
Increase / (decrease) in current liabilities		
Accrued & other liabilities	67,864	(314)
	<u>(587,539)</u>	<u>(179,896)</u>
Net cash generated from operating activities	<u>14,826,818</u>	<u>10,643,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of fixed asset	(147,950)	
Realization of term deposit receipts	4,000,000	17,500,000
Investment in term deposit receipts	-	(28,300,000)
Net cash used in investing activities	<u>3,852,050</u>	<u>(10,800,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted funds received	-	-
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	18,678,868	(156,202)
Cash and cash equivalents at the beginning of the year	21,836,630	21,992,832
Cash and cash equivalents at the end of the year	<u><u>40,515,498</u></u>	<u><u>21,836,630</u></u>

The annexed notes from 1 to 17 form and integral part of these financial statements.

Re

[Signature]
President

Wardah
Treasurer

Munir
Principal

**LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1 The Association and its activities

Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons ("the Association") formerly named as Lahore Association Pakistan (Registered) Fukuoka School for Special Children, was registered with Directorate of Social Welfare, Government of the Punjab on 29th November 1992 in Lahore under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961. The registered office of the association is located at 248-C, Punjab Co-operative Housing Society (PCHS), Lahore Cantt. The principal activity of the association is to provide education to mentally handicapped persons. The association at its registered office is running school for special children in the name and style of Fakuoka School for Special Children.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan and Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Presentation and functional currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Entity's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment
- Provision for impairment of inventories
- Impairment loss of non-financial assets other than inventories
- Provision for doubtful trade receivables
- Estimation of provisions
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses)

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Operating fixed assets

Property and equipment, except freehold land, are stated at cost less accumulated depreciation. Freehold land is stated at cost. Cost includes purchase cost and any incidental expenses of acquisition. Depreciation on property, plant and equipment is charged to income & expenditure account using reducing balance method. Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off. Gains/ losses on sale of property and equipment are credited/ charged to the income & expenditure account. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income & expenditure account.

3.2 Investment

Investment is accounted for at cost less any accumulated impairment losses. Profit from investments is recognized as other income in the statement of income and expenditure when the company's right to receive payment has been established.

3.3 Cash and cash equivalents

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and cheques in hand.

3.4 Trade and other payables

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.5 Funds

General Fund

Surplus arising on un-restricted funds is recognized in general fund.

Restricted Fund

Restricted fund is established by the management of the entity for conducting specific projects. Donations received or receivable for these projects are recognized as income in statement of income and expenditure. Surplus/deficit (if any) for the year is transferred to general fund. On completion of these projects, remaining surplus (if any) from restricted funds, may be reimbursed to donor or transferred in to general funds at the discretion of donor and management of the entity.

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.6 Income recognition

Income is recognized when it is probable that economic benefits will flow to the entity and the income can be measured reliably.

Grant/ donations income

Income from grants/ donations is recognized when there is reasonable assurance that the grant/donation will be received and all attached conditions will be complied with.

Other income

Return on saving accounts and income from Term Deposits Receipts are recognized on time proportion basis.

Voluntary contributions

These are recognized when received.

3.7 Taxation

Income tax comprises of current tax.

Income tax expense is recognized in the statement of income and expenditure except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in in other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

3.8 Related party transactions

These are stated at arm length basis.

3.9 Restricted funds

Donation received during the year is recognized as deferred grants which is treated as Restricted Funds. These are recognized as income in the same period or periods as the related expenses are recognized.

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

4 Operating fixed assets

	LAND	BUILDING	FURNITURE AND FIXTURES	OFFICE EQUIPMENT	ELECTRIC EQUIPMENT	OWNED VEHICLES	Total
Cost	700,000	2,584,883	560,999	474,393	-	11,053,120	15,373,395
Accumulated depreciation	-	(1,893,987)	(463,489)	(367,601)	-	(6,750,393)	(9,475,469)
Carrying amount as at July 01, 2022	700,000	690,896	97,510	106,792	-	4,302,727	5,897,926
Additions	-	-	-	-	-	83,150	147,950
Disposals - carrying amount	-	-	-	-	-	-	-
Depreciation charge for the year	-	69,090	14,627	16,019	1,620	652,685	754,040
Carrying amount as at June 30, 2023	700,000	621,806	82,884	90,773	63,180	3,733,192	5,291,836
The carrying amount as at June 30, 2023 is aggregate of:							
Cost	700,000	2,584,883	560,999	474,393	-	11,053,120	15,373,395
Accumulated depreciation	-	(1,963,077)	(478,115)	(383,620)	(1,620)	(7,403,077)	(10,229,509)
Rate of depreciation per annum	10%	15%	15%	15%	15%	15%	

LAHORE ASSOCIATION PAKISTAN
 FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
 NOTES TO THE FINANCIAL STATEMENTS
 AS AT JUNE 30, 2023

4.1 Operating fixed assets

	LAND	BUILDING	FURNITURE AND FIXTURES	OFFICE EQUIPMENT	OWNED VEHICLES	Total
Cost	700,000	2,584,883	560,999	474,393	11,053,120	15,373,395
Accumulated depreciation	-	(1,817,221)	(446,281)	(348,755)	(5,991,088)	(8,603,345)
Carrying amount as at July 01, 2022	700,000	767,662	114,718	125,638	5,062,032	6,770,050
Additions	-	-	-	-	-	-
Disposals- carrying amount	-	-	-	-	-	-
Depreciation charge for the year	-	76,766	17,208	18,846	759,305	872,124
Carrying amount as at June 30, 2022	700,000	690,896	97,510	106,792	4,302,727	5,897,926
The carrying amount as at June 30, 2022 is aggregate of:						
Cost	700,000	2,584,883	560,999	474,393	11,053,120	15,373,395
Accumulated depreciation	-	(1,893,987)	(463,489)	(367,601)	(6,750,393)	(9,475,469)
Rate of depreciation per annum	-	10%	15%	15%	15%	

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

	Note	2023Rupees.....	2022
11	Contingencies & commitments		
	No Contingencies and Commitments are outstanding in the name of Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons as on 30 June 2023 (2022: nil).		
12	Utility charges		
	Electricity bills-expense	166,079	132,273
	PTCL bills-expense	32,210	27,709
		<u>198,289</u>	<u>159,982</u>
13	Restricted Funds		
	Opening balance	43,371,204	34,017,669
	For the year addition:		
	-Profit on TDR	13.1 4,193,411	1,820,519
	-Profit on Saving Account	13.1 4,601,086	2,733,016
	-Donations	13.2 5,235,462	4,800,000
		<u>14,029,959</u>	<u>9,353,535</u>
	Closing balance	<u>57,401,163</u>	<u>43,371,204</u>

13.1 The profit from savings accounts and term deposit receipts are restricted to fund specifically for acquiring land.

13.2 These donations received during the year restricted specifically for the purpose of the expansion of land

14 Taxation

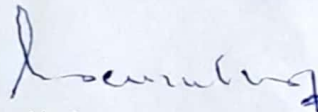
No provision for income tax is made in the financial statements for the reason that association is a non profit organisation certified by Pakistan Centre for Philanthropy, Islamabad and is established for the welfare of mentally disabled children. The income of the Association shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of Income Tax Ordinance 2001.

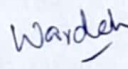
15 Date of authorisation

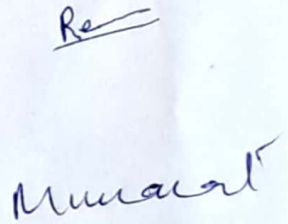
These financial statements were authorized and approved for issue by the Board of Trustees of the Association on 08-May-2024

16 General

16.1 Figures have been rounded off to the nearest of rupee


President


Treasurer


Principal